

Union Calendar No. 407

99TH CONGRESS
2D SESSION

H. R. 5050

[Report No. 99-680]

To establish the Social Security Administration as an independent agency, which shall be headed by a Social Security Board, and which shall be responsible for the administration of the old-age, survivors, and disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act, to provide for more prudent and effective management of the title II trust funds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 1986

Mr. JONES of Oklahoma (for himself, Mr. ROSTENKOWSKI, Mr. JACOBS, Mr. GEPHARDT, Mr. FOWLER, Mr. DONNELLY, Mr. COYNE, Mr. GIBBONS, Mr. ARCHER, Mr. DAUB, Mr. GREGG, Mr. PICKLE, Mr. PEPPER, Mr. ROYBAL, Mr. STARK, Mr. FORD of Tennessee, Mr. DOWNEY of New York, Mr. GUARINI, Mr. PEASE, Mr. MATSUI, Mr. ANTHONY, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mrs. KENNELLY, Mr. DUNCAN, Mr. VANDER JAGT, Mr. FRENZEL, Mr. MCGRATH, Mr. JENKINS, Mr. RANGEL, Mr. ANDREWS, Mr. APPELEGATE, Mr. ARMEY, Mr. ASPIN, Mr. BARTON of Texas, Mr. BIAGGI, Mr. BLILEY, Mr. BOEHLERT, Mr. BONIOR of Michigan, Mr. BONKER, Mr. BORSKI, Mr. BOUCHER, Mr. BROWN of California, Mr. BRYANT, Mrs. BURTON of California, Mr. BUSTAMANTE, Mrs. BYRON, Mr. CARNEY, Mr. CHAPPIE, Mr. CHAPMAN, Mr. CHAPPELL, Mr. CLAY, Mr. COATS, Mr. COBEY, Mr. COLEMAN of Texas, Mr. COMBEST, Mr. CONYERS, Mr. COUGHLIN, Mr. CROCKETT, Mr. DAVIS, Mr. DELLUMS, Mr. DEWINE, Mr. DIOGUARDI, Mr. DREIER of California, Mr. DWYER of New Jersey, Mr. DYMALLY, Mr. ENGLISH, Mr. ERDREICH, Mr. FAZIO, Mr. FIELDS, Mr. FOGLIETTA, Mr. FORD of Michigan, Mr. GAYDOS, Mr. GEJDENSON, Mr. GLICKMAN, Mr. HAYES, Mr. RALPH M. HALL, Mr. HENRY, Mr. HORTON, Mr. HOWARD, Mr. HUTTO, Mr. JEFFORDS, Ms. KAPTUR, Mr. KILDEE, Mr. KOLTER, Mr. KOSTMAYER, Mr. LaFALCE, Mr. LAGOMARSINO, Mr. LEHMAN of California, Mr. LELAND, Mr. LEVINE of California, Mr. LIGHT-FOOT, Mrs. LLOYD, Mr. MCCANDLESS, Mr. MCCURDY, Mr. MCEWEN, Mr. MCHUGH, Mr. MADIGAN, Mr. MANTON, Mr. MARKEY, Mr. MICA, Mr.

MITCHELL, Mr. MOAKLEY, Mr. MORRISON of Connecticut, Mr. MORRISON of Washington, Mr. MRAZEK, Mr. MURPHY, Mr. NOWAK, Ms. OAKAR, Mr. OBERSTAR, Mr. REID, Mr. RINALDO, Mr. ROBINSON, Mr. RODINO, Mr. ROE, Mr. ROGERS, Mr. ROSE, Mr. ROTH, Mr. ROWLAND of Connecticut, Mr. SAXTON, Mr. SCHEUER, Mr. SCHUMER, Mr. SHAW, Mr. SHUMWAY, Mr. SKELTON, Mr. SMITH of Florida, Mr. SMITH of New Hampshire, Mr. SPRATT, Mr. STALLINGS, Mr. SWEENEY, Mr. SWINDALL, Mr. SWIFT, Mr. SYNAR, Mr. TAUKE, Mr. TORRES, Mr. TOWNS, Mr. TRAFICANT, Mr. UDALL, Mrs. VUCANOVICH, Mr. WATKINS, Mr. WAXMAN, Mr. WEAVER, Mr. WHITEHURST, Mr. WILSON, Mr. WISE, Mr. WOLF, Mr. WOLPE, Mr. WORTLEY, Mr. YATRON, Mr. YOUNG of Missouri, Mr. BERMAN, Mrs. SCHROEDER, Mr. THOMAS of California, Mr. LENT, Mr. KINDNESS, Mr. WILLIAMS, Mr. BROYHILL, Mr. MAZZOLI, Mr. MARTINEZ, Mr. EDGAR, and Mrs. BOXER) introduced the following bill; which was referred to the Committee on Ways and Means

JULY 16, 1986

Additional sponsors: Mr. JONES of North Carolina, Mr. DOWDY of Mississippi, Mr. VOLKMER, Mr. RAHALL, Mr. STOKES, Mr. ROWLAND of Georgia, Mr. PASHAYAN, Mr. WYDEN, Mr. AKAKA, Mr. STUDDS, Mr. COELHO, Mr. CARR, Ms. SNOWE, Mr. DYSON, Mr. DIXON, Mr. HUGHES, Mr. DICKS, Mr. McCLOSKEY, Mrs. BENTLEY, Mrs. COLLINS, Mr. ALEXANDER, Mr. MILLER of Washington, Mr. MOLLOHAN, Mr. TORRICELLI, Mr. LEVIN of Michigan, Mr. McDADE, Mr. FASCELL, Mr. SCHUETTE, Mr. MINETA, and Mr. ECKHART of Ohio

JULY 16, 1986

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in *italie*]

A BILL

To establish the Social Security Administration as an independent agency, which shall be headed by a Social Security Board, and which shall be responsible for the administration of the old-age, survivors, and disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act, to provide for more prudent and effective management of the title II trust funds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 This Act may be cited as the "Social Security Adminis-
5 trative and Investment Reform Act of 1986".

TABLE OF CONTENTS

Sec. 1. Short title and table of contents.

Sec. 2. Declaration of purpose.

**TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY
ADMINISTRATION**

Sec. 101. Establishment of the Social Security Administration as a separate, inde-
pendent agency; responsibilities of the agency.

Sec. 102. Social Security Board; Commissioner; Deputy Commissioner; Beneficiary
Ombudsman; other officers.

Sec. 103. Personnel; budgetary matters; facilities and procurement; seal of office.

Sec. 104. Transfers to the new Social Security Administration.

Sec. 105. Transitional rules.

Sec. 106. Effective dates.

**TITLE II—CONFORMING AMENDMENTS AND RULES OF
CONSTRUCTION**

Sec. 201. Amendments to titles II and XVI of the Social Security Act.

Sec. 202. Other Amendments.

Sec. 203. Rules of construction.

Sec. 204. Effective dates.

**TITLE III—MANAGEMENT OF THE FEDERAL OLD-AGE AND SURVI-
VORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY
INSURANCE TRUST FUND, THE FEDERAL DISABILITY INSUR-
ANCE TRUST FUND, AND THE FEDERAL HOSPITAL INSUR-
ANCE TRUST FUND**

Sec. 301. Elimination of undue discretion in the investment of the trust funds.

Sec. 302. Sales and redemptions by the trust funds.

Sec. 303. Exclusive dedication of amounts in the trust funds.

Sec. 304. Faithful execution of duties by members of Board of Trustees of the trust
funds.

~~Sec. 305. Priority of investment of the trust funds.~~

Sec. 305. *Priority of investment of funds and accounts for which Secretary of the
Treasury has investment authority.*

Sec. 306. Elimination of authority for normalized tax transfers to the trust funds.

Sec. 307. Reports regarding the operation and status of the trust funds.

Sec. 308. Effective date.

TITLE IV—ADDITIONAL MATTERS

Sec. 401. Denial of benefits to individuals deported or ordered deported on the

basis of associations with the Nazi Government of Germany during World War II.

Sec. 402. Interim disability benefits in cases of delayed final decisions.

Sec. 403. Prohibition of adversarial involvement of Federal and State representatives in hearings relating to benefits under titles II and XVI.

1 SEC. 2. DECLARATION OF PURPOSE.

2 The purposes of this Act are as follows:

3 (1) to establish the Social Security Administration
4 as an independent agency, separate from the Depart-
5 ment of Health and Human Services;

6 (2) to charge the Social Security Administration
7 with administration of the old-age, survivors, and dis-
8 ability insurance program and supplemental security
9 income program;

10 (3) to establish a Social Security Board as head of
11 the Social Security Administration and define the
12 powers and duties of such Board;

13 (4) to establish a Commissioner of Social Security
14 and define the powers and duties of the Commissioner;

15 (5) to provide for delegating major management
16 authorities to the Board and the Commissioner;

17 (6) to provide for more prudent and effective man-
18 agement of the Federal Old-Age and Survivors Insur-
19 ance Trust Fund ~~and the Federal Disability Insurance~~
20 ~~Trust Fund,~~ *the Federal Disability Insurance Trust*
21 *Fund, and the Federal Hospital Insurance Trust*
22 *Fund;* and

1 (7) to make certain additional improvements to
2 the programs administered by the Social Security
3 Administration.

4 **TITLE I—ESTABLISHMENT OF THE SOCIAL**
5 **SECURITY ADMINISTRATION**

6 **SEC. 101. ESTABLISHMENT OF SOCIAL SECURITY ADMINIS-**
7 **TRATION AS A SEPARATE, INDEPENDENT**
8 **AGENCY; RESPONSIBILITIES OF THE AGENCY.**

9 Section 701 of the Social Security Act is amended to
10 read as follows:

11 **“SOCIAL SECURITY ADMINISTRATION**

12 **“SEC. 701. There is hereby established, as an independ-**
13 **ent agency in the executive branch of the Government, a**
14 **Social Security Administration. It shall be the duty of the**
15 **Administration to administer the old-age, survivors, and dis-**
16 **ability insurance program under title II and the supplemental**
17 **security income program under title XVI.”.**

18 **SEC. 102. SOCIAL SECURITY BOARD; COMMISSIONER; DEPUTY**
19 **COMMISSIONER; BENEFICIARY OMBUDSMAN;**
20 **OTHER OFFICERS.**

21 **(a) IN GENERAL.—**Section 702 of the Social Security
22 Act is amended to read as follows:

1 “SOCIAL SECURITY BOARD; COMMISSIONER; OTHER
2 OFFICERS

3 “Social Security Board

4 “SEC. 702. (a)(1)(A) The Administration shall be gov-
5 erned by a Social Security Board. The Board shall be com-
6 posed of three members appointed by the President, by and
7 with the advice and consent of the Senate. The members
8 shall be chosen, on the basis of their integrity, impartiality,
9 and good judgment, from among individuals who, by reason
10 of their education, experience, and attainments, are excep-
11 tionally qualified to perform the duties of members of the
12 Board.

13 “(B)(i) Except as provided in clauses (ii) and (iii), mem-
14 bers of the Board shall be appointed for terms of six years. A
15 member of the Board may be removed only pursuant to a
16 finding by the President of neglect of duty or malfeasance in
17 office. The President shall transmit any such finding to the
18 Speaker of the House of Representatives and the Majority
19 Leader of the Senate not later than five days after the date
20 on which such finding is made.

21 “(ii) Of the members first appointed—

22 “(I) one shall be appointed for a term ending Jan-
23 uary 31, 1989,

24 “(II) one shall be appointed for a term ending
25 January 31, 1991, and

1 “(III) one shall be appointed for a term ending
2 January 31, 1993,
3 as designated by the President at the time of appointment.
4 Such members shall be appointed after active consideration of
5 recommendations made by the chairman of the Committee on
6 Ways and Means of the House of Representatives and of rec-
7 ommendations made by the chairman of the Committee on
8 Finance of the Senate.

9 “(iii) The President may not nominate an individual for
10 appointment to a term of office as member of the Board
11 before the commencement of the President’s term of office in
12 which the member’s term of office commences. Any member
13 appointed to a term of office after the commencement of such
14 term may serve under such appointment only for the remain-
15 der of such term. A member may, at the request of the Presi-
16 dent, serve for not more than one year after the expiration of
17 his or her term until his or her successor has taken office. A
18 member of the Board may be appointed for additional terms.

19 “(C) Not more than two members of the Board shall be
20 of the same political party.

21 “(D) A member of the Board may not, during his or her
22 term as member, otherwise serve as an officer or employee of
23 any government. If any member of the Board becomes an
24 officer or employee of any government, such member may
25 continue as a member of the Board for not longer than the

1 30-day period beginning on the date such member becomes
2 such an officer or employee.

3 “(E) Two members of the Board shall constitute a
4 quorum, except that one member may hold hearings.

5 “(F) A member of the Board shall be designated from
6 time to time by the President to serve as Chairperson of the
7 Board.

8 “(G) The Board shall meet at the call of the Chairper-
9 son or two members of the Board.

10 “(2) Each member of the Board shall be compensated at
11 the rate provided for level II of the Executive Schedule.

12 “(3) The Board shall—

13 “(A) govern by regulation the old-age, survivors,
14 and disability insurance program under title II and the
15 supplemental security income program under title XVI,

16 “(B) appoint a Commissioner of Social Security,
17 as described in subsection (b), to act as the chief oper-
18 ating officer of the Administration responsible for ad-
19 ministering the programs referred to in subparagraph
20 (A),

21 “(C) constitute three of the members the Board of
22 Trustees of the Federal Old-Age and Survivors Insur-
23 ance Trust Fund and the Federal Disability Insurance
24 Trust Fund, with the Chairperson of the Social Securi-

1 ty Board serving as Chairperson of such Board of
2 Trustees,

3 “(D) make annual budgetary recommendations re-
4 lating to the Administration, including program costs of
5 the supplemental security income program under title
6 XVI, and defend such recommendations before the ap-
7 propriate committees of each House of the Congress,

8 “(E) make recommendations to the Congress and
9 the President as to the most effective methods of pro-
10 viding economic security through social insurance and
11 supplemental security income and as to legislation and
12 matters of administrative policy concerning the pro-
13 grams referred to in subparagraph (A),

14 “(F) provide the Congress and the President with
15 the ongoing actuarial and other analysis undertaken by
16 the Administration with respect to the programs re-
17 ferred to in subparagraph (A) and any other informa-
18 tion relating to such programs, and

19 “(G) conduct policy analysis and research relating
20 to the programs referred to in subparagraph (A).

21 “(4)(A) The Board may prescribe such rules and regula-
22 tions as the Board determines necessary or appropriate to
23 carry out the functions of the Administration. The regulations
24 prescribed by the Board shall be subject to the rulemaking

1 procedures established under section 553 of title 5, United
2 States Code.

3 “(B) The Board may establish, alter, consolidate, or dis-
4 continue such organizational units or components within the
5 Administration as the Board considers necessary or appropri-
6 ate to carry out its functions, except that this subparagraph
7 shall not apply with respect to any unit, component, or posi-
8 tion provided for by this Act.

9 “(C) The Board may, with respect to the administration
10 of the old-age, survivors, and disability insurance program
11 under title II and the supplemental security income program
12 under title XVI, assign duties, and delegate, or authorize
13 successive redelegations of, authority to act and to render
14 decisions, to such officers and employees as the Board may
15 find necessary. Within the limitations of such delegations, re-
16 delegations, or assignments, all official acts and decisions of
17 such officers and employees shall have the same force and
18 effect as though performed or rendered by the Board.

19 “Commissioner of Social Security

20 “(b)(1) There shall be in the Administration a Commis-
21 sioner of Social Security who shall be appointed by the Social
22 Security Board.

23 “(2)(A) The Commissioner shall be appointed for a term
24 of five years, except that the individual first appointed to the
25 office of Commissioner shall be appointed for a term ending

1 September 30, 1991. An individual appointed to a term of
2 office as Commissioner after the commencement of such term
3 may serve under such appointment only for the remainder of
4 such term. An individual may, at the request of the Chairper-
5 son of the Board, serve as Commissioner after the expiration
6 of his or her term for not more than one year until his or her
7 successor has taken office. An individual may be appointed as
8 Commissioner for additional terms.

9 “(B) An individual may be removed from the office of
10 Commissioner before completion of his or her term only for
11 cause found by the Board.

12 “(3) The Commissioner shall be compensated at the rate
13 provided for level II of the Executive Schedule.

14 “(4) The Commissioner shall—

15 “(A) constitute the chief operating officer of the
16 Administration, responsible for administering, in ac-
17 cordance with applicable statutes and regulations, the
18 old-age, survivors, and disability insurance program
19 under title II and the supplemental security income
20 program under title XVI,

21 “(B) establish and maintain an efficient and effec-
22 tive operational structure for the Administration,

23 “(C) devise and implement long-term plans to pro-
24 mote and maintain the effective implementation of such
25 programs,

1 “(D) make annual budgetary recommendations of
2 the Administration for the ongoing administrative costs
3 of the Administration and the program costs of the
4 supplemental security income program under title XVI
5 and defend such recommendations before the Board
6 and before the appropriate Committees of each House
7 of the Congress,

8 “(E) advise the Board and the Congress on the
9 effect on the administration of such programs of pro-
10 posed legislative changes in such programs,

11 “(F) serve as Secretary of the Board of Trustees
12 of the Federal Old-Age and Survivors Insurance Trust
13 Fund and the Federal Disability Insurance Trust Fund,
14 and

15 “(G) report in December of each year to the
16 Board for transmittal to the Congress concerning the
17 administrative endeavors and accomplishments of the
18 Administration.

19 Any reference to the Board in this Act or any other provision
20 of law in connection with the exercise of a function of the
21 Board which is delegated to the Commissioner pursuant to
22 this section shall be considered a reference to the Commis-
23 sioner.

1 “Deputy Commissioner of Social Security

2 “(c)(1) There shall be in the Office of the Commissioner
3 a Deputy Commissioner, who shall be appointed by the
4 Board. The Deputy Commissioner shall be appointed for a
5 term coextensive with the term of the Commissioner. An in-
6 dividual may be removed from the office of Deputy Commis-
7 sioner before completion of his or her term only for cause
8 found by the Board.

9 “(2) The Deputy Commissioner shall be compensated at
10 the rate provided for level III of the Executive Schedule.

11 “(3) The Deputy Commissioner shall perform such
12 duties and exercise such powers as the Commissioner shall
13 from time to time assign or delegate. The Deputy Commis-
14 sioner shall be Acting Commissioner of Social Security
15 during the absence or disability of the Commissioner and,
16 unless the Board designates another officer of the Govern-
17 ment, in the event of a vacancy in the office of Commis-
18 sioner.

19 “General Counsel

20 “(d)(1) There shall be in the Administration a General
21 Counsel, who shall be appointed by and serve at the pleasure
22 of the Board. The General Counsel shall be the principal
23 legal officer in the Administration.

24 “(2) The General Counsel shall be compensated at the
25 rate provided for level IV of the Executive Schedule.

1 “Inspector General

2 “(e)(1) There shall be in the Administration an Office of
3 the Inspector General. Such Office shall be headed by an
4 Inspector General appointed in accordance with the Inspec-
5 tor General Act of 1978.

6 “(2) The Inspector General shall be compensated at the
7 rate provided for level IV of the Executive Schedule.

8 “Beneficiary Ombudsman

9 “(f)(1) There shall be in the Administration an Office of
10 the Beneficiary Ombudsman, to be headed by a Beneficiary
11 Ombudsman appointed by the Board.

12 “(2)(A) The Beneficiary Ombudsman shall be appointed
13 for a term of five years, except that the individual first ap-
14 pointed to the office of Beneficiary Ombudsman shall be ap-
15 pointed for a term ending September 30, 1991. An individual
16 appointed to a term of office as Beneficiary Ombudsman after
17 the commencement of such term may serve under such ap-
18 pointment only for the remainder of such term. An individual
19 may, at the request of the Chairperson of the Board, serve as
20 Beneficiary Ombudsman after the expiration of his or her
21 term for not more than one year until his or her successor has
22 taken office. An individual may be appointed as Beneficiary
23 Ombudsman for additional terms.

1 “(B) An individual may be removed from the office of
2 Beneficiary Ombudsman before completion of his or her term
3 only for cause found by the Board.

4 “(3) The Beneficiary Ombudsman shall be compensated
5 at the rate provided for level V of the Executive Schedule.

6 “(4) The duties of the Beneficiary Ombudsman are as
7 follows:

8 “(A) to represent within the Administration’s de-
9 cisionmaking process the interests and concerns of
10 beneficiaries under the old-age, survivors, and disability
11 insurance program under title II and the supplemental
12 security income program under title XVI;

13 “(B) to review the Administration’s policies and
14 procedures for possible adverse effects on such
15 beneficiaries;

16 “(C) to recommend within the Administration’s
17 decisionmaking process changes in policies which have
18 caused problems for such beneficiaries;

19 “(D) to help resolve the problems under such pro-
20 grams of individual beneficiaries in unusual or difficult
21 circumstances as determined by the Commissioner; and

22 “(E) to represent within the Administration’s de-
23 cisionmaking process the views of beneficiaries in the
24 design of forms and the issuance of instructions.

1 “(5) The Board shall assure that the Office of the Bene-
2 ficiary Ombudsman has staff sufficient to enable the Benefici-
3 ary Ombudsman to efficiently carry out his or her duties.
4 Such staff shall be located in the regional offices, program
5 centers, and central office of the Administration.

6 “(6) The annual report of the Board under section 704
7 shall include a description of the activities of the Beneficiary
8 Ombudsman.”.

9 (b) INTERIM AUTHORITY OF THE COMMISSIONER.—
10 The President shall nominate for appointment the initial
11 members of the Social Security Board not later than one year
12 after the date of the enactment of this Act. In the event that,
13 as of the effective date of the amendment made by this Act to
14 section 702 of the Social Security Act, all members of the
15 Social Security Board have not been appointed, until all
16 members of the Board have been appointed, the officer serv-
17 ing on the date of the enactment of this Act as Commissioner
18 of Social Security in the Department of Health and Human
19 Services (or Acting Commissioner, if applicable), or such offi-
20 cer’s successor, shall, while continuing to serve as Commis-
21 sioner of Social Security (or Acting Commissioner) in such
22 Department, serve as head of the Social Security Administra-
23 tion established under section 701 of the Social Security Act
24 (as amended by this Act) and shall assume the powers and

1 duties of such Board and of the Commissioner of Social Secu-
2 rity under such Act (as amended by this Act).

3 SEC. 103. PERSONNEL; BUDGETARY MATTERS; FACILITIES
4 AND PROCUREMENT; SEAL OF OFFICE.

5 (a) IN GENERAL.—Section 703 of the Social Security
6 Act is amended to read as follows:

7 “ADMINISTRATIVE DUTIES OF THE SOCIAL SECURITY
8 BOARD

9 “Personnel

10 “SEC. 703. (a)(1) The Social Security Board shall ap-
11 point such additional officers and employees as it considers
12 necessary to carry out its functions. Except as otherwise pro-
13 vided in any other provision of law, such officers and employ-
14 ees shall be appointed, and their compensation shall be fixed,
15 in accordance with title 5, United States Code.

16 “(2) The Board may procure the services of experts and
17 consultants in accordance with the provisions of section 3109
18 of title 5, United States Code.

19 “(3) Notwithstanding any requirements of section 3133
20 of title 5, United States Code, the Director of the Office of
21 Personnel Management shall authorize for the Administration
22 a total number of Senior Executive Service positions which is
23 greater than the number of such positions authorized in the
24 Social Security Administration in the Department of Health
25 and Human Services as of immediately before the date of the
26 enactment of the Social Security Administrative and Invest-

1 ment Reform Act of 1986, to the extent that the greater
2 number of such authorized positions is specified in the com-
3 prehensive work force plan as established and revised by the
4 Board under subsection (b)(1). The total number of such posi-
5 tions authorized for the Administration pursuant to such sec-
6 tion 3133 shall not at any time be less than the number of
7 such authorized positions as of immediately before such date.

8 “(4) In addition to the positions of the Administration in
9 the Executive Schedule specified in section 702, the Admin-
10 istration is authorized six additional positions at level IV of
11 the Executive Schedule and six additional positions at level
12 V of the Executive Schedule.

13 “(5) All authority and functions of the Office of Person-
14 nel Management under section 4703 of title 5, United States
15 Code (relating to demonstration projects), to the extent such
16 section relates to personnel or positions in the Administra-
17 tion, shall be exercised exclusively by the Board. The Board
18 shall report annually to the Committee on Ways and Means
19 of the House of Representatives and the Committee on Fi-
20 nance of the Senate on the demonstration projects under-
21 taken by the Board pursuant to this paragraph.

22 “Budgetary Matters

23 “(b)(1) Appropriations requests for staffing and person-
24 nel of the Administration shall be based upon a comprehen-
25 sive work force plan, which shall be established and revised

1 from time to time by the Board. The entire amount of appro-
2 priations provided for the administrative costs of the Admin-
3 istration shall be apportioned in the time period provided in
4 title 31, United States Code, for apportionment and shall be
5 apportioned for the entire period of availability without re-
6 striction or deduction by the apportioning officer or employee
7 of the Office of Management and Budget or any other entity
8 within the executive branch of the Federal Government,
9 except as otherwise provided in this subsection.

10 “(2) The report submitted pursuant to section 704 shall
11 include a section reflecting the use of budget authority pro-
12 vided to the Administration by quarters.

13 “(3)(A) Authority of the Administration for automated
14 data processing procurement and facilities construction shall
15 be provided in the form of contract authority covering the
16 total costs of such acquisitions, to be available until
17 expended.

18 “(B) Amounts necessary for the liquidation of contract
19 authority provided pursuant to this paragraph are hereby
20 made available from the Federal Old-Age and Survivors In-
21 surance Trust Fund and the Federal Disability Insurance
22 Trust Fund to the extent that the Board, with the concur-
23 rence of the Secretary of the Treasury, determines that such
24 amounts are not necessary to meet the current obligations for
25 benefit payments from the Trust Funds.

1 “(C) Funds appropriated for the Administration to be
2 available on a contingency basis shall be apportioned only
3 upon the occurrence of the stipulated contingency, as deter-
4 mined by the Board and reported to each House of the
5 Congress.

6 “Seal of Office

7 “(c) The Board shall cause a seal of office to be made
8 for the Administration of such design as the Board shall ap-
9 prove. Judicial notice shall be taken of such seal.”.

10 (b) DEMONSTRATION PROJECTS RELATING TO PER-
11 SONNEL MATTERS.—As soon as practicable after the effec-
12 tive date of this subsection, the Social Security Board and
13 the Director of the Office of Personnel Management shall, in
14 consultation with the Comptroller General, jointly implement
15 one or more demonstration projects under this subsection.
16 Under each such project, for the period of its duration—

17 (1) the Board may appoint, without regard to the
18 provisions of title 5, United States Code, governing ap-
19 pointments in the competitive service, such technical
20 and professional employees as the Board considers ap-
21 propriate whose compensation may be fixed by the
22 Board without regard to the provisions of chapter 51
23 and subchapter III of chapter 53 of such title relating
24 to classification and General Schedule pay rates,
25 except that such employees may not be paid at a rate

1 in excess of the rate payable for level IV of the Execu-
2 tive Schedule, and

3 (2) the Director shall delegate to the Board (pur-
4 suant to section 1104 of title 5, United States Code,
5 and subject to applicable limitations under such title re-
6 lating to delegations under such section) functions re-
7 lating to—

8 (A) recruitment and examination programs
9 for entry level employees, and

10 (B) classification and standards development
11 systems and pay ranges for those job categories
12 identified by the Board in assuming such dele-
13 gation.

14 The Comptroller General shall report to the Committee on
15 Ways and Means of the House of Representatives and the
16 Committee on Finance of the Senate concerning such demon-
17 stration projects, together with any recommendations, not
18 later than 540 days after the effective date of this subsection.
19 Such report shall include an evaluation of the readiness of the
20 Board to assume permanent and full authority over the func-
21 tions described in paragraphs (1) and (2).

22 (c) DEMONSTRATION PROJECTS RELATING TO DELE-
23 GATIONS FROM ADMINISTRATOR OF GENERAL SERV-
24 ICES.—As soon as practicable after the effective date of this
25 subsection, the Social Security Board and the Administrator

1 of General Services shall, in consultation with the Comptrol-
2 ler General, jointly implement one or more demonstration
3 projects under this subsection. Under each such project, for
4 the period of its duration, the Board shall have—

5 (1) all authorities permitted to be delegated under
6 the provisions of Federal law codified under title 40 of
7 the United States Code, relating to the acquisition, op-
8 eration, and maintenance of the facilities needed for the
9 administration of programs for which the Board is
10 given responsibility under the Social Security Act,

11 (2) all authorities permitted to be delegated under
12 section 111 of the Federal Property and Administrative
13 Services Act of 1949 (40 U.S.C. 759), relating to the
14 lease, purchase, or maintenance of automated data
15 processing equipment, and

16 (3) the authority to contract for any automated
17 data processing equipment or services which the Board
18 considers necessary for the efficient and effective oper-
19 ation of such programs.

20 The Comptroller General shall report to the Committee on
21 Ways and Means of the House of Representatives and the
22 Committee on Finance of the Senate concerning such demon-
23 stration projects, together with any recommendations, not
24 later than 540 days after the effective date of this subsection.
25 Such report shall include an evaluation of the readiness of the

1 Board to assume permanent and full authority over the func-
2 tions described in paragraphs (1), (2), and (3).

3 SEC. 104. TRANSFERS TO THE NEW SOCIAL SECURITY
4 ADMINISTRATION.

5 (a) FUNCTIONS.—There are transferred to the Social
6 Security Administration all functions carried out by the Sec-
7 retary of Health and Human Services with respect to the
8 programs and activities the administration of which is vested
9 in the Social Security Administration by reason of this Act
10 and the amendments made thereby. The Social Security
11 Board shall allocate such functions in accordance with sec-
12 tions 701, 702, and 703 of the Social Security Act (as
13 amended by this Act).

14 (b) PERSONNEL, ASSETS, ETC.—(1) There are trans-
15 ferred from the Department of Health and Human Services
16 to the Social Security Administration, for appropriate alloca-
17 tion by the Social Security Board in the Social Security
18 Administration—

19 (A) the personnel employed in connection with the
20 functions transferred by this Act and the amendments
21 made thereby, as considered appropriate by the Board
22 in consultation with the Secretary of Health and
23 Human Services, and

24 (B) the assets, liabilities, contracts, property,
25 records, and unexpended balance of appropriations, au-

1 thorizations, allocations, and other funds employed,
2 held, or used in connection with such functions, arising
3 from such functions, or available, or to be made avail-
4 able, in connection with such functions.

5 (2) Unexpended funds transferred pursuant to this sub-
6 section shall be used only for the purposes for which the
7 funds were originally authorized and appropriated.

8 (3) The Secretary of Health and Human Services shall
9 terminate—

10 (A) six positions in the Department of Health and
11 Human Services placed in level IV of the Executive
12 Schedule (or equivalent positions) other than positions
13 specifically required under section 5315 of title 5,
14 United States Code, or any other provision of law, and

15 (B) six positions in such Department placed in
16 level V of the Executive Schedule (or equivalent posi-
17 tions) other than positions specifically required under
18 section 5316 of such title or any other provision of
19 law.

20 (c) ABOLISHMENT OF OFFICE OF COMMISSIONER IN
21 THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—
22 Effective upon the appointment of all initial members of the
23 Social Security Board pursuant to section 702 of the Social
24 Security Act (as amended by this Act), the position of Com-

1 missioner of Social Security in the Department of Health and
2 Human Services is abolished.

3 SEC. 105. TRANSITIONAL RULES.

4 (a) INTERIM AUTHORITY FOR APPOINTMENT AND
5 COMPENSATION.—At any time after the date of the enact-
6 ment of this Act—

7 (1) any of the officers provided for in section 702
8 of the Social Security Act (as amended by this Act)
9 may be nominated and appointed, as provided in such
10 section, and

11 (2) the Social Security Board, upon nomination
12 and appointment of all of the members thereof, may
13 prescribe regulations providing for the orderly transfer
14 of proceedings before the Secretary of Health and
15 Human Services to the Social Security Board.

16 Funds available to any official or component of the Depart-
17 ment of Health and Human Services, functions of which are
18 transferred to the Social Security Board or the Social Securi-
19 ty Administration by this Act, may with the approval of the
20 Director of the Office of Management and Budget, be used to
21 pay the compensation and expenses of any officer appointed
22 pursuant to this section until such time as funds for that pur-
23 pose are otherwise available.

24 (b) CONTINUATION OF ORDERS, DETERMINATIONS,
25 RULES, REGULATIONS, ETC.—All orders, determinations,

1 rules, regulations, permits, contracts, collective bargaining
2 agreements, recognitions of labor organizations, certificates,
3 licenses, and privileges—

4 (1) which have been issued, made, promulgated,
5 granted, or allowed to become effective, in the exercise
6 of functions (A) which were exercised by the Secretary
7 of Health and Human Services (or his delegate), and
8 (B) which relate to functions which, by reason of this
9 Act, the amendments made thereby, and regulations
10 prescribed thereunder, are vested in the Social Security
11 Board, and

12 (2) which are in effect immediately before the ef-
13 fective date specified in section 106(a),
14 shall (to the extent that they relate to functions described in
15 paragraph (1)(B)) continue in effect according to their terms
16 until modified, terminated, suspended, set aside, or repealed
17 by such Board.

18 (c) CONTINUATION OF PROCEEDINGS.—The provisions
19 of this Act (including the amendments made thereby) shall
20 not affect any proceeding pending before the Secretary of
21 Health and Human Services immediately before the effective
22 date specified in section 106(a) with respect to functions
23 vested (by reason of this Act, the amendments made thereby,
24 and regulations prescribed thereunder) in the Social Security
25 Board, except that such proceedings, to the extent that they

1 relate to such functions, shall continue before such Board.
2 Orders shall be issued under any such proceeding, appeals
3 taken therefrom, and payments shall be made pursuant to
4 such orders, in like manner as if this Act had not been en-
5 acted, and orders issued in any such proceeding shall contin-
6 ue in effect until modified, terminated, superseded, or re-
7 pealed by such Board, by a court of competent jurisdiction, or
8 by operation of law.

9 (d) CONTINUATION OF SUITS.—Except as provided in
10 this subsection—

11 (1) the provisions of this Act shall not affect suits
12 commenced prior to the effective date specified in sec-
13 tion 106(a); and

14 (2) in all such suits proceedings shall be had, ap-
15 peals taken, and judgments rendered, in the same
16 manner and effect as if this Act had not been enacted.

17 No cause of action, and no suit, action, or other proceeding
18 commenced by or against any officer in his official capacity as
19 an officer of the Department of Health and Human Services,
20 shall abate by reason of the enactment of this Act. Causes of
21 action, suits, actions, or other proceedings may be asserted
22 by or against the United States and the Social Security Ad-
23 ministration, or such official of such Administration as may
24 be appropriate, and, in any litigation pending immediately
25 before the effective date specified in section 106(a), the court

1 may at any time, on its own motion or that of a party, enter
2 an order which will give effect to the provisions of this sub-
3 section (including, where appropriate, an order for substitu-
4 tion of parties).

5 (e) CONTINUATION OF PENALTIES.—This Act shall not
6 have the effect of releasing or extinguishing any criminal
7 prosecution, penalty, forfeiture, or liability incurred as a
8 result of any function which (by reason of this Act, the
9 amendments made thereby, and regulations prescribed there-
10 under) is vested in the Social Security Board.

11 (f) JUDICIAL REVIEW.—Orders and actions of the
12 Social Security Board in the exercise of functions vested in
13 such Board under this Act (and the amendments made there-
14 by) shall be subject to judicial review to the same extent and
15 in the same manner as if such orders had been made and such
16 actions had been taken by the Secretary of Health and
17 Human Services in the exercise of such functions immediate-
18 ly before the effective date specified in section 106(a). Any
19 statutory requirements relating to notice, hearings, action
20 upon the record, or administrative review that apply to any
21 function so vested in such Board shall continue to apply to
22 the exercise of such function by such Board.

23 (g) EXERCISE OF FUNCTIONS.—In the exercise of the
24 functions vested in the Social Security Board under this Act,
25 the amendments made thereby, and regulations prescribed

1 thereunder, such Board shall have the same authority as that
2 vested in the Secretary of Health and Human Services with
3 respect to the exercise of such functions immediately preced-
4 ing the vesting of such functions in such Board, and actions
5 of such Board shall have the same force and effect as when
6 exercised by such Secretary.

7 (h) OPERATION OF TRANSITIONAL RULES IN THE
8 EVENT OF INTERIM AUTHORITY IN THE COMMISSIONER.—

9 For purposes of this section, in any case in which the powers
10 and duties to be transferred to the Social Security Board are
11 transferred to the Commissioner of Social Security (or acting
12 Commissioner) in the Department of Health and Human
13 Services for an interim period pursuant to section 102(b), the
14 preceding provisions of this section shall apply with respect
15 to the transfer of such powers and duties to and from such
16 Commissioner (or acting Commissioner) pursuant to such sec-
17 tion in the same manner and to the same extent as they
18 would have applied to a direct transfer from the Secretary of
19 Health and Human Services to the Social Security Board if
20 all initial appointments to such Board had been made.

21 SEC. 106. EFFECTIVE DATES.

22 (a) IN GENERAL.—Sections 101, 102(a), 103, and 104
23 of this Act shall take effect one year after the date of the
24 enactment of this Act.

1 (b) EXCEPTIONS.—Sections 102(b) and 105 of this Act
2 shall take effect on the date of the enactment of this Act.

3 (c) NEW SPENDING AUTHORITY.—Any new spending
4 authority provided by this title shall be effective for any fiscal
5 year only to such extent or in such amounts as are provided
6 in advance in appropriation Acts.

7 TITLE II—CONFORMING AMENDMENTS AND
8 RULES OF CONSTRUCTION

9 SEC. 201. AMENDMENTS TO TITLES II AND XVI OF THE SOCIAL
10 SECURITY ACT.

11 (a) Title II (other than section 201, section 205(b)(3)(A)
12 (as added by section 403 of this Act), *subsections (d), (e), and*
13 *(t) of section 218*, section 231(c), section 226, and section
14 226A) and title XVI (other than section 1631(c)(1)(B)(i) (as
15 added by section 403 of this Act)) of the Social Security Act
16 are each amended—

17 (1) by striking out, wherever it appears therein,
18 “Secretary of Health and Human Services” and insert-
19 ing in lieu thereof “Social Security Board”;

20 (2) by striking out, wherever it appears therein,
21 “Department of Health and Human Services” and in-
22 serting in lieu thereof “Social Security Administra-
23 tion”;

24 (3) by striking out, wherever it appears therein,
25 “Department” (but only if it is not immediately suc-

1 ceeded by the words “of Health and Human Services”,
2 and only if it is used in reference to the Department of
3 Health and Human Services) and inserting in lieu
4 thereof “Administration”; and

5 (4) by striking out, wherever it appears therein,
6 each of the following words (but, in the case of any
7 such word only if such word refers to the Secretary of
8 Health and Human Services): “Secretary”, “Secre-
9 tary’s”, “his”, “him”, and “he”, and inserting in lieu
10 thereof (in the case of the word “Secretary”) “Social
11 Security Board”, (in the case of the word “Secre-
12 tary’s”) “Board’s”, (in the case of the word “his”)
13 “the Board’s”, (in the case of the word “him”) “the
14 Board”, and (in the case of the word “he”) “the
15 Board”.

16 (b)(1) Section 201(a)(3) of such Act is amended by strik-
17 ing out “Secretary of Health and Human Services” and in-
18 serting in lieu thereof “Social Security Board”.

19 (2) Section 201(c) of such Act is amended—

20 (A) in the first sentence, by striking out “shall be
21 composed of” and all that follows down through “ex
22 officio” and inserting in lieu thereof the following:
23 “shall be composed of the members of the Social Secu-
24 rity Board, the Secretary of the Treasury, and the Sec-

1 retary of Health and Human Services, all ex officio”;
2 and

3 (B) by inserting after the first sentence the follow-
4 ing new sentence: “The Chairperson of the Social Se-
5 curity Board shall be the Chairperson of the Board of
6 Trustees.”.

7 (3) Section 201(g)(1)(A) of such Act is amended—

8 (A) in clause (i), by striking out “by him and the
9 Secretary of Health and Human Services” and insert-
10 ing in lieu thereof “by him, the Social Security Board,
11 and the Secretary of Health and Human Services”,
12 and by striking out “by the Department of Health and
13 Human Services and the Treasury Department” and
14 inserting in lieu thereof “by the Social Security Ad-
15 ministration, the Department of Health and Human
16 Services, and the Department of the Treasury”;

17 (B) in clause (ii), by striking out “method pre-
18 scribed by the Board of Trustees under paragraph (4)”
19 and inserting in lieu thereof “applicable method pre-
20 scribed under paragraph (4)”, by striking out “the Sec-
21 retary of Health and Human Services” and inserting in
22 lieu thereof “the Social Security Board and the Secre-
23 tary of Health and Human Services”, and by striking
24 out “the Department of Health and Human Services”
25 and inserting in lieu thereof “the Social Security Ad-

1 ministration and the Department of Health and Human
2 Services''; and

3 (C) by striking out the last sentence and inserting
4 in lieu thereof the following: "There are hereby au-
5 thorized to be made available for expenditure, out of
6 any or all of the Trust Funds, such amounts as the
7 Congress may deem appropriate to pay the costs of the
8 part of the administration of this title and title XVI for
9 which the Social Security Board is responsible, the
10 costs of title XVIII for which the Secretary of Health
11 and Human Services is responsible, and the costs of
12 carrying out the functions of the Social Security Ad-
13 ministration, specified in section 232, which relate to
14 the administration of provisions of the Internal Reve-
15 nue Code of 1954 other than those referred to in
16 clause (i) of the first sentence of this subparagraph."

17 (4) Section 201(g)(1) of such Act is further amended by
18 striking out subparagraph (B) and inserting in lieu thereof the
19 following new subparagraphs:

20 "(B) After the close of each fiscal year—

21 "(i) the Social Security Board shall determine (I)
22 the portion of the costs, incurred during such fiscal
23 year, of administration of this title and title XVI and
24 of carrying out the functions of the Social Security Ad-
25 ministration, specified in section 232, which relate to

1 the administration of provisions of the Internal Reve-
2 nue Code of 1954 (other than those referred to in
3 clause (i) of the first sentence of subparagraph (A)),
4 which should have been borne by the general fund in
5 the Treasury, (II) the portion of such costs which
6 should have been borne by the Federal Old-Age and
7 Survivors Insurance Trust Fund, and (III) the portion
8 of such costs which should have been borne by the
9 Federal Disability Insurance Trust Fund, and

10 “(ii) the Secretary of Health and Human Services
11 shall determine (I) the portion of the costs, incurred
12 during such fiscal year, of administration of title XVIII
13 which should have been borne by the general fund in
14 the Treasury, (II) the portion of such costs which
15 should have been borne by the Federal Hospital Insur-
16 ance Trust Fund, and (III) the portion of such costs
17 which should have been borne by the Federal Supple-
18 mentary Medical Insurance Trust Fund,

19 except that the determination of the amounts to be borne by
20 the general fund in the Treasury with respect to expenditures
21 incurred in carrying out such functions specified in section
22 232 shall be made pursuant to the applicable method pre-
23 scribed under paragraph (4) of this subsection.

24 “(C) After the determinations under subparagraph (B)
25 have been made for any fiscal year, the Social Security

1 Board and the Secretary of Health and Human Services shall
2 each certify to the Managing Trustee the amounts which
3 should be transferred from each of the Trust Funds to the
4 general fund in the Treasury and from the general fund in the
5 Treasury to each of the Trust Funds, in order to ensure that
6 each of the Trust Funds and the general fund in the Treasury
7 have borne their proper share of the costs, incurred during
8 such fiscal year, for (i) the part of the administration of this
9 title and title XVI for which the Social Security Board is
10 responsible, (ii) the part of the administration of this title and
11 title XVIII for which the Secretary of Health and Human
12 Services is responsible, and (iii) carrying out the functions of
13 the Social Security Administration, specified in section 232,
14 which relate to the administration of provisions of the Inter-
15 nal Revenue Code of 1954 (other than those referred to in
16 clause (i) of the first sentence of subparagraph (A)). The Man-
17 aging Trustee shall transfer any such amounts in accordance
18 with any certification so made.”.

19 (5) Section 201(g)(2) of such Act is amended, in the
20 second sentence, by striking out “established and maintained
21 by the Secretary of Health and Human Services” and insert-
22 ing in lieu thereof “maintained by the Social Security
23 Board”, and by striking out “Secretary shall furnish” and
24 inserting in lieu thereof “Social Security Board shall
25 furnish”.

1 (6) Section 201(g)(4) of such Act is amended to read as
2 follows:

3 “(4) The Social Security Board shall utilize the method
4 prescribed pursuant to this paragraph, as of immediately
5 before the date of the enactment of the Social Security Ad-
6 ministrative and Investment Reform Act of 1986, for deter-
7 mining the costs which should be borne by the general fund
8 in the Treasury of carrying out the functions of the Board,
9 specified in section 232, which relate to the administration of
10 provisions of the Internal Revenue Code of 1954 (other than
11 those referred to in clause (i) of the first sentence of para-
12 graph (1)(A)). If at any time or times thereafter the Board
13 considers such action advisable, it may modify the method of
14 determining such costs.”.

15 (7) Section 201(i)(1) of such Act is amended to read as
16 follows:

17 “(i)(1) The Managing Trustee may accept on behalf of
18 the United States money gifts and bequests made uncondi-
19 tionally to the Federal Old-Age and Survivors Insurance
20 Trust Fund, the Federal Disability Insurance Trust Fund,
21 the Federal Hospital Insurance Trust Fund, or the Federal
22 Supplementary Medical Insurance Trust Fund or to the
23 Social Security Administration, the Department of Health
24 and Human Services, or any part or officer thereof, for the

1 benefit of any of such Funds or any activity financed through
2 such Funds.”.

3 (8) Subsections (j) and (k) of section 201 of such Act are
4 each amended by striking out “Secretary” each place it ap-
5 pears and inserting in lieu thereof “Social Security Board”.

6 (9) Section 201(l)(3)(B)(iii)(II) of such Act is amended by
7 striking out “Secretary” and inserting in lieu thereof “Social
8 Security Board”.

9 (10) Section 201(m)(3) of such Act is amended by strik-
10 ing out “Secretary of Health and Human Services” and in-
11 serting in lieu thereof “Social Security Board”.

12 (c) Section 205(b)(3)(A) of such Act (as added by section
13 403 of this Act) is amended by striking out “the Department
14 of Health and Human Services, the Social Security Adminis-
15 tration, any other agency of such Department,” and inserting
16 in lieu thereof “the Social Security Administration, any
17 agency of such Administration,”.

18 *(d) Section 218 of such Act is amended—*

19 *(1) in subsection (d), by striking out “Secretary”*
20 *each place it appears in paragraphs (3) and (7) and*
21 *inserting in lieu thereof “Social Security Board”;*

22 *(2) in subsection (e), by striking out “Secretary*
23 *of Health, Education, and Welfare” in paragraph*
24 *(1)(B) and inserting in lieu thereof “Social Security*
25 *Board”, by striking out “Secretary” the first place it*

1 *appears in paragraph (2) and inserting in lieu thereof*
 2 *“Social Security Board”, and by inserting “or the*
 3 *Social Security Board (as appropriate at the time of*
 4 *mailing or delivery)” after “Secretary” the third place*
 5 *it appears; and*

6 *(3) in subsection (t), by striking out “Secretary”*
 7 *the first three places it appears in paragraph (1) and*
 8 *inserting in lieu thereof “Social Security Board”, by*
 9 *striking out “person occupying the office of Secretary*
 10 *or any vacancy in such office” in paragraph (1) and*
 11 *inserting in lieu thereof “membership of the Social Se-*
 12 *curity Board or any vacancy on the Board”, and by*
 13 *striking out “Secretary” in paragraph (3) and insert-*
 14 *ing in lieu thereof “Social Security Board”.*

15 ~~(d)~~ (e) Section 231(c) of such Act is amended by striking
 16 out “Secretary determines” and inserting in lieu thereof
 17 “Social Security Board and the Secretary jointly determine”.

18 ~~(e)~~ (f) Section 1631(c)(1)(B)(i) of such Act (as added by
 19 section 403 of this Act) is amended by striking out “the De-
 20 partment of Health and Human Services, the Social Security
 21 Administration, any other agency of such Department,” and
 22 inserting in lieu thereof “the Social Security Administration,
 23 any agency of such Administration,”.

24 **SEC. 202. OTHER AMENDMENTS.**

25 ~~(a)~~ Section 411 of the Social Security Act is amended—

(1) in subsection (a), by striking out “Secretary”
and inserting in lieu thereof “Social Security Board, at
the request of the Secretary,”; and

4 (2) in subsection (b), by striking out “Secretary”
5 each place it appears and inserting in lieu thereof
6 “Social Security Board”.

7 ~~(b)~~(a)(1) Section 704 of ~~such~~ *the Social Security Act* is
8 amended to read as follows:

9 “REPORTS

10 “SEC. 704. The Secretary and the Social Security
11 Board shall make full reports to Congress, within 120 days
12 after the beginning of each regular session, of the administra-
13 tion of the functions with which they are charged under this
14 Act. In addition to the number of copies of such reports au-
15 thorized by other law to be printed, there is hereby author-
16 ized to be printed not more than 5,000 copies of each such
17 report for use by the Secretary and Social Security Board for
18 distribution to Members of Congress and to State and other
19 public or private agencies or organizations participating in or
20 concerned with the programs provided for in this Act.”.

(2) Section 709(b)(2) of such Act is amended by striking out “(as estimated by the Secretary)” and inserting in lieu thereof “, as estimated by the Social Security Board or the Secretary (whichever administers the program involved),”.

1 (3) Title VII of such Act (as amended by paragraph (1))
2 is further amended by adding at the end thereof the following
3 new section:

4 “DUTIES OF SECRETARY

5 “SEC. 712. The Secretary shall perform the duties im-
6 posed upon him by this Act and shall also have the duty of
7 studying and making recommendations as to the most effec-
8 tive methods of providing economic security and as to legisla-
9 tion and matters of administrative policy concerning the pro-
10 grams administered by the Secretary and related subjects;
11 except that nothing in this section shall be construed to re-
12 quire the Secretary to make studies or recommendations with
13 respect to programs administered by the Social Security
14 Administration.”.

15 (4)(A) Title VII of such Act (as amended by paragraph
16 (3)) is further amended by adding at the end thereof the fol-
17 lowing new section:

18 “ADVISORY COUNCIL ON THE OLD-AGE, SURVIVORS, AND
19 DISABILITY INSURANCE PROGRAM

20 “SEC. 713. (a) During 1989 (but not before February 1,
21 1989) and every fourth year thereafter (but not before Febru-
22 ary 1 of such fourth year), the Social Security Board shall
23 appoint an Advisory Council on the Old-Age, Survivors, and
24 Disability Insurance Program for the purpose of reviewing
25 the status of the Federal Old-Age and Survivors Insurance
26 Trust Fund and the Federal Disability Insurance Trust Fund

1 in relation to the long-term commitments of the old-age, sur-
2 vivors, and disability insurance program, and of reviewing
3 the scope of coverage and the adequacy of benefits under,
4 and all other aspects of, such program, including its impact
5 on the public assistance programs under this Act.

6 “(b) Each such Council shall consist of a Chairman and
7 12 other persons, appointed by the Board without regard to
8 the provisions of title 5, United States Code, governing ap-
9 pointments in the competitive service. The appointed mem-
10 bers shall, to the extent possible, represent organizations of
11 employers and employees in equal numbers and represent
12 self-employed persons and the public.

13 “(c)(1) Any Council appointed hereunder is authorized
14 to engage such technical assistance, including actuarial serv-
15 ices, as may be required to carry out its functions, and the
16 Board shall, in addition, make available to such Council such
17 secretarial, clerical, and other assistance and such actuarial
18 and other pertinent data prepared by the Administration as it
19 may require to carry out such functions.

20 “(2) Appointed members of any such Council, while
21 serving on business of the Council (inclusive of travel time)
22 shall receive compensation at rates fixed by the Board, but
23 not exceeding \$100 per day, and, while so serving away from
24 their homes or regular places of business, they may be al-
25 lowed travel expenses, including per diem in lieu of subsist-

1 ence, as authorized by section 5703 of title 5, United States
2 Code, for persons in the Government employed intermit-
3 tently.

4 “(d) Each such Council shall submit reports (including
5 any interim reports such Council may have issued) of its find-
6 ings and recommendations to the Board not later than Janu-
7 ary 1 of the second year after the year in which it is appoint-
8 ed, and such reports and recommendations shall thereupon be
9 transmitted to the Congress and to the Board of Trustees of
10 each of the Trust Funds. The reports required by this subsec-
11 tion shall include a report with respect to the old-age, survi-
12 vors, and disability insurance program under title II, of the
13 taxes imposed under sections 1401(a), 3101(a), and 3111(a)
14 of the Internal Revenue Code of 1954, and of the taxes im-
15 posed under section 86 of such Code on social security bene-
16 fits (within the meaning of section 86(d)(1)(A) of such Code).
17 After the date of the transmittal to the Congress of the re-
18 ports required by this subsection, the Council shall cease to
19 exist.”.

20 (B) Section 706 of such Act is amended—

21 (i) by striking out the heading and inserting in lieu
22 thereof “ADVISORY COUNCIL ON HEALTH AND SUP-
23 PLEMENTARY MEDICAL INSURANCE”;

24 (ii) in subsection (a), by striking out “1969” each
25 place it appears and inserting in lieu thereof “1989”,

1 by striking out “Social Security” and inserting in lieu
2 thereof “Health and Supplementary Medical Insur-
3 ance”, by striking out “the Federal Old-Age and Sur-
4 vivors Insurance Trust Fund, the Federal Disability
5 Insurance Trust Fund,”, by striking out “Fund, and”
6 and inserting in lieu thereof “Fund and”, and by strik-
7 ing out “the old-age, survivors, and disability insurance
8 program and”; and

9 (iii) in subsection (d), by striking out paragraph
10 (1), and by redesignating paragraphs (2) and (3) as
11 paragraphs (1) and (2), respectively.

12 ~~(e)~~(b)(1) Section 1101(a) of such Act is amended by
13 adding at the end thereof the following new paragraph:

14 “(10) The term ‘Administration’ means the Social
15 Security Administration.”.

16 (2) Section 1106(a) of such Act is amended—

17 (A) by inserting “(1)” after “(a)”;

18 (B) by striking out “Department of Health and
19 Human Services” and inserting in lieu thereof “appli-
20 cable agency”;

21 (C) by striking out “Secretary” and inserting in
22 lieu thereof “head of the applicable agency”; and

23 (D) by adding at the end thereof the following
24 new paragraph:

1 “(2) For purposes of this subsection and subsection (b),
2 the term ‘applicable agency’ means—

3 “(A) the Social Security Administration, with re-
4 spect to matter transmitted to or obtained by such Ad-
5 ministration or matter disclosed by such Administra-
6 tion, or

7 “(B) the Department of Health and Human Serv-
8 ices, with respect to matter transmitted to or obtained
9 by such Department or matter disclosed by such
10 Department.”.

11 (3) Section 1106(b) of such Act is amended—

12 (A) by striking out “Secretary” and inserting in
13 lieu thereof “head of the applicable agency”; and

14 (B) by striking out “Department of Health and
15 Human Services” and inserting in lieu thereof “appli-
16 cable agency”.

17 (4) Section 1106(c) of such Act is amended—

18 (A) by striking out “the Secretary” the first place
19 it appears and inserting in lieu thereof “the Social Se-
20 curity Board or the Secretary”; and

21 (B) by striking out “the Secretary” each subse-
22 quent place it appears and inserting in lieu thereof
23 “such Board or Secretary”.

24 (5) Section 1107(b) of such Act is amended by striking
25 out “the Secretary of Health and Human Services” and in-

1 serting in lieu thereof “the Social Security Board or the
2 Secretary”.

3 (6) Section 1110 of such Act is amended—

4 (A) by striking out “Secretary” each place it ap-
5 pears and inserting in lieu thereof “Social Security
6 Board”; and

7 (B) by striking out “he”, “his”, “him”, and “him-
8 self” each place they appear (except in subsection
9 (b)(2)(A)) and inserting in lieu thereof “the Board”,
10 “the Board’s”, “the Board”, and “itself”, respectively.

11 (7) Section 1127 of such Act is amended by striking out
12 “Secretary” and inserting in lieu thereof “Social Security
13 Board”.

14 (8) Section 1128(e) of such Act is amended by inserting
15 after “section 205(g)” the following: “, except that, in so
16 applying such sections, any reference therein to the Social
17 Security Board shall be considered a reference to the
18 Secretary”.

19 (9) Section 1131 of such Act is amended—

20 (A) by striking out “Secretary” each place it ap-
21 pears and inserting in lieu thereof “Social Security
22 Board”;

23 (B) in subsection (a)(1)(A), by adding “or” at the
24 end thereof;

1 (C) in subsection (a)(1)(B), by striking out “or” at
2 the end thereof;

3 (D) by striking out subsection (a)(1)(C);

4 (E) by redesignating subsection (a)(2) as subsec-
5 tion (a)(3);

6 (F) by inserting after subsection (a)(1) the follow-
7 ing new paragraph:

8 “(2) the Secretary makes a finding of fact and a
9 decision as to the entitlement under section 226 of any
10 individual to hospital insurance benefits under part A
11 of title XVIII, or”;

12 and

13 (G) by striking out “he” in the matter in subsec-
14 tion (a) following paragraph (3) (as so redesignated)
15 and inserting in lieu thereof “the Social Security
16 Board”.

17 (10) Section 1155 of such Act is amended by striking
18 out “(to the same extent as is provided in section 205(b))”
19 and inserting in lieu thereof “(to the same extent as benefi-
20 caries under title II are entitled to a hearing by the Social
21 Security Board under section 205(b))”.

22 ~~(d)~~(c)(1) Subsections (a) and (f) of section 1817 of such
23 Act are amended by striking out “Secretary of Health and
24 Human Services” each place it appears and inserting in lieu
25 thereof “Social Security Board”.

1 (2) Section 1840(a) of such Act is amended—

2 (A) in paragraph (1), by striking out “Secretary”
3 and inserting in lieu thereof “Social Security Board”,
4 and by adding at the end thereof the following new
5 sentence: “Such regulations shall be prescribed only
6 after consultation with the Secretary.”; and

7 (B) in paragraph (2), by striking out “Secretary of
8 Health and Human Services” and inserting in lieu
9 thereof “Social Security Board”.

10 (3) Section 1872 of such Act is amended by inserting
11 after “title II” the following: “, except that, in applying
12 such provisions with respect to this title, any reference there-
13 in to the Social Security Board shall be considered a refer-
14 ence to the Secretary”.

15 (4) Sections 1862(d)(3), 1869(b)(1), and 1869(c) of such
16 Act and the last sentence of section 1876(c)(5)(B) of such Act
17 are amended by inserting after “section 205(g)” the follow-
18 ing: “, except that, in so applying such sections, any refer-
19 ence therein to the Social Security Board shall be considered
20 a reference to the Secretary”.

21 ~~(e)~~(d) Section 1910(c)(2) of such Act is amended, in the
22 first sentence, by inserting after “section 205(g)” the follow-
23 ing: “, except that, in so applying such sections, any refer-
24 ence therein to the Social Security Board shall be considered
25 a reference to the Secretary”.

1 (4)(e) Title 5, United States Code, is amended—

2 (1) by adding at the end of section 5313 the fol-
3 lowing new items:

4 “Members, Social Security Board (3).

5 “Commissioner of Social Security.”;

6 (2) by adding at the end of section 5314 the fol-
7 lowing new item:

8 “Deputy Commissioner of Social Security.”;

9 (3) by adding at the end of section 5315 the fol-
10 lowing new items:

11 “General Counsel, Social Security Administration.

12 “Inspector General, Social Security Administra-
13 tion.

14 “Additional officers, Social Security Administra-
15 tion (6).”;

16 (4) by adding at the end of section 5316 the fol-
17 lowing new items:

18 “Beneficiary Ombudsman, Social Security Admin-
19 istration.

20 “Additional officers, Social Security Administra-
21 tion (6).”; and

22 (5) by striking out “Secretary of Health ~~and~~
23 ~~Human Services, Education, and Welfare~~” each place
24 it appears in section 8141 and inserting in lieu thereof
25 “Social Security Board”.

1 (f) *Section 6 of the Food Stamp Act of 1977 (7 U.S.C.*
 2 *2015) is amended by striking out “Secretary of Health and*
 3 *Human Services” and inserting in lieu thereof “Social Se-*
 4 *curity Board”.*

5 (g) ~~The Food Stamp Act of 1977 is amended—~~

6 (1) ~~in section 6 (7 U.S.C. 2015), by striking out~~
 7 ~~“Secretary of Health and Human Services” and insert-~~
 8 ~~ing in lieu thereof “Social Security Board”; and~~

9 (2) ~~in section 17(d) (7 U.S.C. 2026(d)), by insert-~~
 10 ~~ing after “Services” the following: “and the Social Se-~~
 11 ~~curity Board”.~~

12 (h)(g) Section 707 of title 14, United States Code, is
 13 amended by striking out “Secretary of Health and Human
 14 Services” each place it appears and inserting in lieu thereof
 15 “Social Security Board”.

16 (i)(h)(1) Subsections (c)(1), (c)(2)(E), (g)(1), (g)(3)(A), and
 17 (g)(3)(B) of section 1402 of the Internal Revenue Code of
 18 1954 are amended by striking out “Secretary of Health and
 19 Human Services” each place it appears and inserting in lieu
 20 thereof “Social Security Board”.

21 (2) Section 3121(b)(10)(B) of such Code is amended by
 22 striking out each place it appears “Secretary of Health and
 23 Human Services” and inserting in lieu thereof “Social Secu-
 24 rity Board”.

1 (3) Subsections (d) and (f) of section 6057 of such Code
 2 are amended by striking out “Secretary of Health and
 3 Human Services” each place it appears and inserting in lieu
 4 thereof “Social Security Board”.

5 (4) Section 6103(l)(5) of such Code is amended—

6 (A) by striking out “Department of Health and
 7 Human Services” and inserting in lieu thereof “Social
 8 Security Administration”; and

9 (B) by striking out “Secretary of Health and
 10 Human Services” and inserting in lieu thereof “Social
 11 Security Board”.

12 (5) Section 6511(d)(5) of such Code is amended by strik-
 13 ing out “Secretary of Health and Human Services” and in-
 14 serting in lieu thereof “Social Security Board”.

15 ~~(j)~~(i) Section 3005 of title 38, United States Code, is
 16 amended by striking out “Secretary of Health and Human
 17 Services” and “Secretary” each place they appear and in-
 18 serting in lieu thereof “Social Security Board”.

19 ~~(k)~~ (j) The Inspector General Act of 1978 (5 U.S.C.
 20 App.) is amended—

21 (1) in section 2(1), by striking out “and the ~~Veter-~~
 22 ~~ans’ Administration~~ *Department of State*” and insert-
 23 ing in lieu thereof “the ~~Veterans’ Administration~~ *De-*
 24 *partment of State*, and the Social Security Administra-
 25 tion”;

(2) in section 9(a)(1), by striking out “and” at the end of ~~subparagraph (M)~~ *subparagraph (N)*, and by adding at the end thereof the following new subparagraph:

“(O) of the Social Security Administration (to the extent provided in the Social Security Administrative and Investment Reform Act of 1986), the functions of the Inspector General of the Department of Health and Human Services relating to the administration of the old-age, survivors, and disability insurance program under title II of the Social Security Act and of the supplemental security income program under title XVI of such Act; and”;

(3) in section 11(1), by striking out “or” after “Transportation” and inserting in lieu thereof a comma, and by inserting after “Affairs,” the following: “or the Social Security Board,”; and

(4) in section 11(2), by striking out “or” after “Transportation”, and by inserting after “Veterans’ Administration,” the following: “or the Social Security Administration,”.

SEC. 203. RULES OF CONSTRUCTION.

(a) REFERENCES TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made

1 in any provision of law (other than this title or title I or a
2 provision of law amended by either such title), regulation,
3 rule, record, or document to the Department of Health and
4 Human Services with respect such Department's functions
5 under the old-age, survivors, and disability insurance pro-
6 gram under title II of the Social Security Act or the supple-
7 mental security income program under title XVI of such Act,
8 such reference shall be considered a reference to the Social
9 Security Administration.

10 (b) REFERENCES TO THE SECRETARY OF HEALTH
11 AND HUMAN SERVICES.—Whenever any reference is made
12 in any provision of law (other than this title or title I or a
13 provision of law amended by either such title), regulation,
14 rule, record, or document to the Secretary of Health and
15 Human Services with respect to such Secretary's functions
16 under such programs, such reference shall be considered a
17 reference to the Social Security Board.

18 (c) REFERENCES TO OTHER OFFICERS AND EMPLOY-
19 EES.—Whenever any reference is made in any provision of
20 law (other than this title or title I or a provision of law
21 amended by either such title), regulation, rule, record, or doc-
22 ument to any other officer or employee of the Department of
23 Health and Human Services with respect to such officer or
24 employee's functions under such programs, such reference

1 shall be considered a reference to the appropriate officer or
2 employee of the Social Security Administration.

3 **SEC. 204. EFFECTIVE DATES.**

4 (a) **IN GENERAL.**—Except as provided in subsection (b),
5 the preceding provisions of this title shall take effect one year
6 after the date of the enactment of this Act.

7 (b) **EXCEPTIONS.**—Subsections ~~(f)(1), (f)(2), (f)(3), (f)(4),~~
8 ~~and (k)~~ (e)(1), (e)(2), (e)(3), (e)(4), and (j) of section 202
9 shall take effect on the date of the enactment of this Act.

10 (c) **NEW SPENDING AUTHORITY.**—Any new spending
11 authority provided by this title shall be effective for any fiscal
12 year only to such extent or in such amounts as are provided
13 in advance in appropriation Acts.

14 **~~TITLE III—MANAGEMENT OF THE FEDERAL~~**
15 **~~OLD-AGE AND SURVIVORS INSURANCE~~**
16 **~~TRUST FUND AND THE FEDERAL DIS-~~**
17 **~~ABILITY INSURANCE TRUST FUND~~**

18 **~~SEC. 201. ELIMINATION OF UNDUE DISCRETION IN THE IN-~~**
19 **~~VESTMENT OF THE TRUST FUNDS.~~**

20 (a) **IN GENERAL.**—Section 201(d) of the Social Security
21 Act is amended, in the first sentence—

22 (1) by inserting “immediately” after “to invest”;

23 and

24 (2) by striking “, in his judgment,”.

1 (b) INVESTMENTS MADE PURSUANT TO POLICIES OF
 2 THE SOCIAL SECURITY BOARD.—Section 201(d) of such
 3 Act is further amended by inserting after the first sentence
 4 the following: “The investments made by the Managing
 5 Trustee pursuant to the preceding sentence shall be made in
 6 accordance with the policies established in regulations of the
 7 Social Security Board pursuant to section 702(a)(3)(H), sub-
 8 ject to the requirements of this subsection.”.

9 SEC. 302. SALES AND REDEMPTIONS BY THE TRUST FUNDS.

10 Section 201(e) of the Social Security Act is amended—

11 (1) by inserting “(1)” after “(e)”; and

12 (2) by adding at the end the following:

13 “(2) The Managing Trustee may effect any such sale or
 14 redemption with respect to either Trust Fund only for the
 15 purpose of enabling such Trust Fund to make payments au-
 16 thorized and directed by this title.

17 “(3) The Managing Trustee may not sell or redeem any
 18 assets of either Trust Fund—

19 “(A) if such Trust Fund holds uninvested monies
 20 other than as required for the normal operation of such
 21 Trust Fund, or

22 “(B) in advance of the date on which such assets
 23 are scheduled to be sold or redeemed under procedures
 24 developed in accordance with section 153 of the Social

1 Security Amendments of 1983 and under other normal
2 operating procedures.”.

3 **SEC. 303. EXCLUSIVE DEDICATION OF AMOUNTS IN THE**
4 **TRUST FUNDS.**

5 Section 201(a) of the Social Security Act is amended by
6 adding at the end the following: “All amounts deposited in or
7 appropriated to either Trust Fund shall be immediately avail-
8 able exclusively for the purposes for which amounts in the
9 Trust Fund are specifically made available under this title.”.

10 **SEC. 304. FAITHFUL EXECUTION OF DUTIES BY MEMBERS OF**
11 **BOARD OF TRUSTEES OF THE TRUST FUNDS.**

12 Section 201(e) of the Social Security Act is amended by
13 striking the last sentence and inserting the following: “A
14 person serving on the Board of Trustees (including the Man-
15 aging Trustee) shall not be considered to be a fiduciary, but
16 each such person shall faithfully execute the duties imposed
17 on such person by this section. A person serving on the
18 Board of Trustees (including the Managing Trustee) shall not
19 be personally liable for actions taken in such capacity with
20 respect to the Trust Funds.”.

21 **SEC. 305. PRIORITY OF INVESTMENT OF THE TRUST FUNDS.**

22 Section 201(d) of the Social Security Act is amended—

23 (1) by inserting “(1)” after “(d)”; and

24 (2) by adding at the end the following:

1 “(2) If, as of any date, the face amount requirement of
 2 section 3101(b) of title 31, United States Code, has not been
 3 exceeded and either of the Trust Funds holds amounts which,
 4 under this section, must be invested on such date, then the
 5 Secretary of the Treasury shall issue obligations described in
 6 such section 3101(b) for purposes of investment by such
 7 Trust Fund before any obligations described in such section
 8 3101(b) are issued for any other purpose.”

9 SEC. 306. ELIMINATION OF AUTHORITY FOR NORMALIZED
 10 TAX TRANSFERS TO THE TRUST FUNDS.

11 (a) IN GENERAL.—Section 201(a) of the Social Security
 12 Act is amended, in the first sentence following clause (4)—

13 (1) by striking “monthly on the first day of each
 14 calendar month” each place it appears;

15 (2) by striking “such amounts to be determined on
 16 the basis of estimates by the Secretary of the Treasury
 17 of the taxes,” and inserting “immediately upon receipt
 18 by the general fund of the taxes”;

19 (3) by striking “, to be paid to or deposited into
 20 the Treasury during such month”; and

21 (4) by striking “to the extent prior estimates were
 22 in excess of or were less than the taxes specified in
 23 such clauses (3) and (4) of this subsection” and insert-
 24 ing “to the extent necessary to account for incorrect
 25 amounts of prior tax receipts”.

1 (b) CONFORMING AMENDMENT.—Section 201(a) of
 2 such Act is further amended by striking the second sentence
 3 following clause (4).

4 (c) EFFECTIVE DATE.—The amendments made by this
 5 section shall apply with respect to taxes received after
 6 June 30, 1990.

7 SEC. 307. REPORTS REGARDING THE OPERATION AND STATUS
 8 OF THE TRUST FUNDS.

9 Section 201(c) of the Social Security Act is amended—

10 (1) by striking “once” in the fourth sentence and
 11 inserting “twice”;

12 (2) by redesignating paragraphs (1) and (2) as sub-
 13 paragraphs (A) and (B), respectively, by redesignating
 14 paragraphs (3), (4), and (5) as subparagraphs (D), (E),
 15 and (F), respectively, and by inserting after subpara-
 16 graph (B) (as redesignated) the following:

17 “(C) report to the Congress not later than the
 18 first day of November of each year on the operation
 19 and status of the Trust Funds during the six-month
 20 period ending the preceding September 30;”;

21 (3) by striking “The report provided for in para-
 22 graph (2)” and inserting “The reports provided for in
 23 subparagraphs (B) and (C)”; and

24 (4) by inserting “(1)” after “(c)” and by adding at
 25 the end the following:

1 “(2) The Managing Trustee shall report monthly to the
 2 Board of Trustees concerning the operation and status of the
 3 Trust Funds and shall report to the Congress and the Board
 4 of Trustees not less than 15 days prior to the date on which,
 5 by reason of the public debt limit under section 3101(b) of
 6 title 31, United States Code, the Managing Trustee expects
 7 to be unable fully to comply with the provisions of subsection
 8 (a) or (d), and shall include in such report an estimate of the
 9 expected consequences to the Trust Funds of such inability.”.

10 **SEC. 308. EFFECTIVE DATE.**

11 Except as otherwise provided in this title, the amend-
 12 ments made by this title shall take effect August 15, 1986.

13 ***TITLE III—MANAGEMENT OF THE FEDERAL***
 14 ***OLD-AGE AND SURVIVORS INSURANCE***
 15 ***TRUST FUND, THE FEDERAL DISABILITY***
 16 ***INSURANCE TRUST FUND, AND THE FED-***
 17 ***ERAL HOSPITAL INSURANCE TRUST FUND***

18 ***SEC. 301. ELIMINATION OF UNDUE DISCRETION IN THE INVEST-***
 19 ***MENT OF THE TRUST FUNDS.***

20 (a) *FEDERAL OLD-AGE AND SURVIVORS INSURANCE*
 21 *TRUST FUND AND FEDERAL DISABILITY INSURANCE*
 22 *TRUST FUND.—*

23 (1) *IN GENERAL.—Section 201(d) of the Social*
 24 *Security Act is amended, in the first sentence—*

1 (A) by inserting “immediately” after “to
2 invest”; and

3 (B) by striking “, in his judgment,”.

4 (2) *INVESTMENTS MADE PURSUANT TO POLI-*
5 *CIES OF THE SOCIAL SECURITY BOARD.*—Section
6 201(d) of such Act is further amended by inserting
7 after the first sentence the following: “The investments
8 made by the Managing Trustee pursuant to the preced-
9 ing sentence shall be made in accordance with the poli-
10 cies established in regulations of the Social Security
11 Board pursuant to section 702(a)(3)(H), subject to the
12 requirements of this subsection.”.

13 (b) *FEDERAL HOSPITAL INSURANCE TRUST FUND.*—
14 Section 1817(c) of such Act is amended, in the first sen-
15 tence—

16 (1) by inserting “immediately” after “to invest”;
17 and

18 (2) by striking “, in his judgment,”.

19 **SEC. 302. SALES AND REDEMPTIONS BY THE TRUST FUNDS.**

20 (a) *FEDERAL OLD-AGE AND SURVIVORS INSURANCE*
21 *TRUST FUND AND FEDERAL DISABILITY INSURANCE*
22 *TRUST FUND.*—Section 201(e) of the Social Security Act is
23 amended—

24 (1) in inserting “(1)” and “(e)”; and

25 (2) by adding at the end the following:

1 “(2) *The Managing Trustee may effect any such sale or*
 2 *redemption with respect to either Trust Fund only for the*
 3 *purpose of enabling such Trust Fund to make payments au-*
 4 *thorized and directed by this title.*

5 “(3) *The Managing Trustee may not sell or redeem any*
 6 *assets of either Trust Fund—*

7 “(A) *if such Trust Fund holds uninvested monies*
 8 *other than as required for the normal operation of such*
 9 *Trust Fund, or*

10 “(B) *in advance of the date of which such assets*
 11 *are scheduled to be sold or redeemed under procedures*
 12 *developed in accordance with section 153 of the Social*
 13 *Security Amendments of 1983 and under other normal*
 14 *operating procedures.”.*

15 (b) *FEDERAL HOSPITAL INSURANCE TRUST FUND.—*
 16 *Section 1817(d) of such Act is amended—*

17 (1) *by inserting “(1)” and “(d)”;* and

18 (2) *by adding at the end the following:*

19 “(2) *The Managing Trustee may effect any such sale or*
 20 *redemption with respect to the Trust Fund only for the pur-*
 21 *pose of enabling the Trust Fund to make payments author-*
 22 *ized and directed by this title.*

23 “(3) *The Managing Trustee may not sell or redeem any*
 24 *assets of the Trust Fund—*

1 “(A) if the Trust Fund holds uninvested monies
2 other than as required for the normal operation of the
3 Trust Fund, or

4 “(B) in advance of the date on which such assets
5 are scheduled to be sold or redeemed under normal op-
6 erating procedures.”.

7 **SEC. 303. EXCLUSIVE DEDICATION OF AMOUNTS IN THE TRUST**
8 **FUNDS.**

9 (a) **FEDERAL OLD-AGE AND SURVIVORS INSURANCE**
10 **TRUST FUND AND FEDERAL DISABILITY INSURANCE**
11 **TRUST FUND.**—Section 201(a) of the Social Security Act is
12 amended by adding at the end the following: “All amounts
13 deposited in or appropriated to either Trust Fund shall be
14 immediately available exclusively for the purposes for which
15 amounts in the Trust Fund are specifically made available
16 under this title.”.

17 (b) **FEDERAL HOSPITAL INSURANCE TRUST FUND.**—
18 Section 1817(a) of such Act is amended by adding at the end
19 the following: “All amounts deposited in or appropriated to
20 the Trust Fund shall be immediately available exclusively
21 for the purposes for which amounts in the Trust Fund are
22 specifically made available under this part.”.

1 *SEC. 304. FAITHFUL EXECUTION OF DUTIES BY MEMBERS OF*
2 *BOARD OF TRUSTEES OF THE TRUST FUND.*

3 *(a) FEDERAL OLD-AGE AND SURVIVORS INSURANCE*
4 *TRUST FUND AND FEDERAL DISABILITY INSURANCE*
5 *TRUST FUND.—Section 201(c) of the Social Security Act is*
6 *amended by striking the last sentence and inserting the fol-*
7 *lowing: “A person serving on the Board of Trustees (includ-*
8 *ing the Managing Trustee) shall not be considered to be a*
9 *fiduciary, but each such person shall faithfully execute the*
10 *duties imposed on such person by this section. A person serv-*
11 *ing on the Board of Trustees (including the Managing Trust-*
12 *ee) shall not be personally liable for actions taken in such*
13 *capacity with respect to the Trust Funds.”.*

14 *(b) FEDERAL HOSPITAL INSURANCE TRUST FUND.—*
15 *Section 1817(b) of such Act is amended by striking the last*
16 *sentence and inserting the following: “A person serving on*
17 *the Board of Trustees) including the Managing Trustee)*
18 *shall not be considered to be a fiduciary, but each such*
19 *person shall faithfully execute the duties imposed on such*
20 *person by this section. A person serving on the Board of*
21 *Trustees (including the Managing Trustee) shall not be per-*
22 *sonally liable for actions taken in such capacity with respect*
23 *to the Trust Fund.”.*

1 **SEC. 305. PRIORITY OF INVESTMENT OF FUNDS AND ACCOUNTS**
 2 **FOR WHICH SECRETARY OF THE TREASURY HAS**
 3 **INVESTMENT AUTHORITY.**

4 *Section 3101 of title 31, United States Code, is amend-*
 5 *ed by adding at the end the following:*

6 *“(d) If, as of any date, the face amount requirement of*
 7 *subsection (b) of this section has not been exceeded and any*
 8 *fund or account of the United States Government for which*
 9 *the Secretary of the Treasury has investment authority holds*
 10 *amounts which, under any provision of law governing invest-*
 11 *ment of amounts held by such fund or account, must be in-*
 12 *vested on such date, then such Secretary shall issue obliga-*
 13 *tions described in subsection (b) of this section which are*
 14 *necessary for investment of such amounts before issuing obli-*
 15 *gations described in subsection (b) of this section for any*
 16 *other purpose.”.*

17 **SEC. 306. ELIMINATION OF AUTHORITY FOR NORMALIZED TAX**
 18 **TRANSFERS TO THE OASDI TRUST FUNDS.**

19 *(a) IN GENERAL.—Section 201(a) of the Social Secu-*
 20 *rity Act is amended, in the first sentence following clause*
 21 *(4)—*

22 *(1) by striking “monthly on the first day of each*
 23 *calendar month” each place it appears;*

24 *(2) by striking “such amounts to be determined*
 25 *on the basis of estimates by the Secretary of the Treas-*

1 *ury of the taxes,” and inserting “immediately upon re-*
 2 *ceipt by the general fund of the taxes”;*

3 *(3) by striking “, to be paid to or deposited into*
 4 *the Treasury during such month”; and*

5 *(4) by striking “to the extent prior estimates were*
 6 *in excess of or were less than the taxes specified in*
 7 *such clauses (3) and (4) of this subsection” and insert-*
 8 *ing “to the extent necessary to account for incorrect*
 9 *amounts of prior tax receipts”.*

10 *(b) CONFORMING AMENDMENT.—Section 201(a) of*
 11 *such Act is further amended by striking the second sentence*
 12 *following clause (4).*

13 *(c) EFFECTIVE DATE.—The amendments made by this*
 14 *section shall apply with respect to taxes received after June*
 15 *30, 1990.*

16 **SEC. 307. REPORTS REGARDING THE OPERATION AND STATUS**
 17 **OF THE TRUST FUNDS.**

18 *(a) FEDERAL OLD-AGE AND SURVIVORS INSURANCE*
 19 *TRUST FUND AND FEDERAL DISABILITY INSURANCE*
 20 *TRUST FUND.—Section 201(c) of the Social Security Act is*
 21 *amended—*

22 *(1) by striking “once” in the fourth sentence and*
 23 *inserting “twice”;*

24 *(2) by redesignating paragraphs (1) and (2) as*
 25 *subparagraphs (A) and (B), respectively, by redesignig-*

1 nating paragraphs (3), (4), and (5) as subparagraphs
 2 (D), (E), and (F), respectively, and by inserting after
 3 subparagraph (B) (as redesignated) the following:

4 “(C) Report to the Congress not later than the
 5 first day of November of each year on the operation
 6 and status of the Trust Fund during the six-month
 7 period ending the preceding September 30;”;

8 (3) by striking “The report provided for in para-
 9 graph (2)” and inserting “The reports provided for in
 10 subparagraphs (B) and (C)”; and

11 (4) by inserting “(1)” after “(c)” and by adding
 12 at the end the following:

13 “(2) The Managing Trustee shall report monthly to the
 14 Board of Trustees concerning the operation and status of the
 15 Trust Fund and shall report to the Congress and the Board
 16 of Trustees not less than 15 days prior to the date on which,
 17 by reason of the public debt limit under section 3101(b) of
 18 title 31, United States Code, the Managing Trustee expects
 19 to be unable fully to comply with the provisions of subsection
 20 (a) or (d), and shall include in such report an estimate of the
 21 expected consequences to the Trust Fund of such inability.”.

22 (b) *FEDERAL HOSPITAL INSURANCE TRUST FUND.*—
 23 Section 1817(b) of such Act is amended—

24 (1) by striking “once” in the fourth sentence and
 25 inserting “twice”;

1 (2) by redesignating paragraphs (1) and (2) as
2 subparagraphs (A) and (B), respectively, by redesign-
3 ating paragraphs (3) and (4) as subparagraphs (D)
4 and (E), respectively, and by inserting after subpara-
5 graph (B) (as redesignated) the following:

6 “(C) Report to the Congress not later than the
7 first day of November of each year on the operation
8 and status of the Trust Funds during the six-month
9 period ending the preceding September 30;”;

10 (3) by striking “The report provided for in para-
11 graph (2)” and inserting “The reports provided for in
12 subparagraphs (B) and (C)”;

13 (4) by inserting “(1)” after “(b)” and by adding
14 at the end the following:

15 “(2) The Managing Trustee shall report monthly to the
16 Board of Trustees concerning the operation and status of the
17 Trust Funds and shall report to the Congress and the Board
18 of Trustees not less than 15 days prior to the date on which,
19 by reason of the public debt limit under section 3101(b) of
20 title 31, United States Code, the Managing Trustee expects
21 to be unable fully to comply with the provisions of subsection
22 (a) or (c), and shall include in such report an estimate of the
23 expected consequences to the Trust Funds of such inability.”.

1 *SEC. 308. EFFECTIVE DATE.*

2 *Except as otherwise provided in this title, the amend-*
3 *ments made by this title shall take effect August 15, 1986.*

4 **TITLE IV—ADDITIONAL MATTERS**

5 **SEC. 401. DENIAL OF BENEFITS TO INDIVIDUALS DEPORTED**
6 **OR ORDERED DEPORTED ON THE BASIS OF**
7 **ASSOCIATIONS WITH THE NAZI GOVERNMENT**
8 **OF GERMANY DURING WORLD WAR II.**

9 (a) **IN GENERAL.**—Section 202(n)(1) of the Social
10 Security Act is amended by striking “or (18)” in the matter
11 preceding subparagraph (A) and inserting “(18), or (19)”.

12 (b) **TIME OF DEPORTATION.**—Section 202(n) of such
13 Act is further amended by adding at the end the following
14 new paragraph:

15 “(3) For purposes of paragraphs (1) and (2) of this sub-
16 section, an individual against whom a final order of deporta-
17 tion has been issued under paragraph (19) of section 241(a) of
18 the Immigration and Nationality Act (relating to persecution
19 of others on account of race, religion, national origin, or po-
20 litical opinion, under the direction of or in association with
21 the Nazi government of Germany or its allies) shall be con-
22 sidered to have been deported under such paragraph (19) as
23 of the date on which such order became final.”.

24 (c) **EFFECTIVE DATE.**—The amendments made by this
25 section shall apply only in the case of deportations occurring,
26 and final orders of deportation issued, on or after the date of

1 enactment of this Act, and only with respect to benefits for
2 months beginning (and deaths occurring) on or after such
3 date.

4 **SEC. 402. INTERIM DISABILITY BENEFITS IN CASES OF DE-**
5 **LAYED FINAL DECISIONS.**

6 (a) **DISABILITY BENEFITS UNDER TITLE II.**—Section
7 223 of the Social Security Act is amended—

8 (1) by redesignating subsection (h) as subsection
9 (i); and

10 (2) by inserting after subsection (g) the following
11 new subsection:

12 “Interim Benefits in Cases of Delayed Final Decisions

13 “(h)(1) In any case in which an administrative law judge
14 has determined after a hearing as provided under section
15 205(d) that an individual is entitled to disability insurance
16 benefits or child’s, widow’s, or widower’s insurance benefits
17 based on disability and the Secretary has not issued the Sec-
18 retary’s final decision in such case within 90 days after the
19 date of the administrative law judge’s determination, such
20 benefits shall be currently paid for the months during the
21 period beginning with the month preceding the month in
22 which such 90-day period expires and ending with the month
23 preceding the month in which such final decision is issued.

24 “(2) Any benefits currently paid under this title pursu-
25 ant to this subsection (for the months described in paragraph

1 (1)) shall not be considered overpayments for any purpose of
2 this title (unless payment of such benefits was fraudulently
3 obtained), and such benefits shall not be treated as past-due
4 benefits for purposes of section 206(b)(1).”.

5 (b) BENEFITS UNDER TITLE XVI.—Section 1631(a) of
6 such Act is amended by adding at the end thereof the follow-
7 ing new paragraph:

8 “(8)(A) In any case in which an administrative law
9 judge has determined after a hearing that an individual is
10 entitled to benefits based on disability or blindness under this
11 title and the Secretary has not issued the Secretary’s final
12 decision in such case within 90 days after the date of the
13 administrative law judge’s determination, such benefits shall
14 be currently paid for the months during the period beginning
15 with the month preceding the month in which such 90-day
16 period expires and ending with the month preceding the
17 month in which such final decision is issued.

18 “(B) Any benefits currently paid under this title pursu-
19 ant to this paragraph (for the months described in subpara-
20 graph (A)) shall not be considered overpayments for any pur-
21 pose of this title, unless payment of such benefits was fraudu-
22 lently obtained.”.

23 (c) EFFECTIVE DATE.—The amendments made by this
24 section shall apply with respect to determinations by adminis-

1 trative law judges of entitlement to benefits made after 180
2 days after the date of the enactment of this Act.

3 **SEC. 403. PROHIBITION OF ADVERSARIAL INVOLVEMENT OF**
4 **FEDERAL AND STATE REPRESENTATIVES IN**
5 **HEARINGS RELATING TO BENEFITS UNDER**
6 **TITLES II AND XVI.**

7 (a) **HEARINGS RELATING TO OLD-AGE, SURVIVORS,**
8 **AND DISABILITY INSURANCE BENEFITS.**—Section 205(b) of
9 the Social Security Act is amended by adding at the end
10 thereof the following new paragraph:

11 “(3)(A) Except as provided in subparagraph (B), with
12 respect to any hearing required under this subsection, no
13 person (other than the presiding officer at such hearing and
14 members of the presiding officer’s staff) who is a representa-
15 tive of the Department of Health and Human Services, the
16 Social Security Administration, any other agency of such De-
17 partment, or any State agency responsible for making deter-
18 minations under this title may—

19 “(i) appear as a party at such hearing, or

20 “(ii) participate in the development of the record
21 for such hearing.

22 “(B) Subparagraph (A) shall not be construed to prohibit
23 in any individual case the participation of any representative
24 referred to in subparagraph (A) in the development of the
25 record for a hearing required under this subsection to the

1 extent that the presiding officer at such hearing specifically
2 requests in such case such participation.”.

3 (b) HEARINGS RELATING TO SUPPLEMENTAL SECURI-
4 TY INCOME.—Section 1631(c)(1) of such Act is amended—

5 (1) by inserting “(A)” after “(c)(1)”; and

6 (2) by adding at the end thereof the following new
7 subparagraph:

8 “(B)(i) Except as provided in clause (ii), with respect to
9 any hearing required under this paragraph, no person (other
10 than the presiding officer at such hearing or members of the
11 presiding officer’s staff) who is a representative of the De-
12 partment of Health and Human Services, the Social Security
13 Administration, any other agency of such Department, or any
14 State agency responsible for making determinations under
15 this title may—

16 “(I) appear as a party at such hearing, or

17 “(II) participate in the development of the record
18 for such hearing.

19 “(ii) Clause (i) shall not be construed to prohibit in any
20 individual case the participation of any representative re-
21 ferred to in clause (i) in the development of the record for a
22 hearing required under this paragraph to the extent that the
23 presiding officer at such hearing specifically requests in such
24 case such participation.”.

1 (c) EFFECTIVE DATE.—The amendments made by this
2 section shall apply with respect to hearings upon which the
3 Secretary of Health and Human Services issues a final deter-
4 mination on or after the date of the enactment of this Act.

5 Amend the title so as to read: “A bill to establish the
6 Social Security Administration as an independent agency,
7 which shall be headed by a Social Security Board, and
8 which shall be responsible for the administration of the old-
9 age, survivors, and disability insurance program under title
10 II of the Social Security Act and the supplemental security
11 income program under title XVI of such Act, to provide for
12 more prudent and effective management of the OASDI and
13 Medicare trust funds, and for other purposes.”.





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99TH CONGRESS
2D SESSION

H. R. 5050

[Report No. 99-680]

A BILL

To establish the Social Security Administration as an independent agency, which shall be headed by a Social Security Board, and which shall be responsible for the administration of the old-age, survivors, and disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act, to provide for more prudent and effective management of the title II trust funds, and for other purposes.

JULY 16, 1986

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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